



City Council Work Session

3rd Quarter FY 2010-2011 Budget Update
May 24, 2011



Summary

- Through the 3rd Quarter of FY 10-11, actual revenue collected compares favorably to budget in total although we do not expect to meet property tax, sales tax and privilege license tax budgeted amounts
- Total revenue collected (including transfers) of \$201.3 million is 78.1% of the \$257.7 million amended General Fund budget; last year \$199.9 million or 77.6% had been collected



FY 10-11 General Fund Overview – As of March 31, 2011

- Department spending has slowed down in the second half of the fiscal year vs. first six months
- Total expenditures and transfers of \$187.7 million are 72.8% of the \$257.7 million amended General Fund budget; last year \$181.8 million or 70.6% had been expended

FY 10-11 General Fund Overview – As of March 31, 2011 REVENUES

FY 10-11 Budget by Revenue Category

	(in millions)	% Budget
Property Tax	\$146.3	56.8 %
Sales Tax	38.4	14.9
Utility Taxes	18.3	7.1
Beer & Wine/ABC	3.8	1.5
Privilege Licenses	3.2	1.2
Building Permit Fees	1.8	0.7
Waste/Trash Coll.	6.5	2.5
Other Revenue *	22.5	8.7
Transfers In	9.4	3.7
Appropriated Fund Bal.	<u>7.5</u>	<u>2.9</u>
Total	\$257.7 million (3/31/11)	100%

*Detailed breakdown of Other Revenue and Transfers is located on slide 20



FY 10-11 General Fund Overview – As of March 31, 2011 REVENUES

- FY 10-11 Estimated Assessed Valuation of \$24.25 billion (0.0% growth rate)
 - Reflects slowdown in economic activity
 - No tax base increase is projected in FY 10-11 due to declining business personal property and motor vehicle values; real property values estimated to increase 0.6% in FY 10-11
 - Tax base increased by 0.7% in FY 09-10 to \$24.35 billion
 - Tax base growth averaged 3.2% over past five years, including 2008 annexation
 - Net of 2008 annexation, tax base growth averaged 2.4% annually over past five years



FY 10-11 General Fund Overview – As of March 31, 2011 REVENUES

- Property tax revenue through March is \$139.7 million, or 95.5% of the \$146.2 million (current & prior years' revenue) budget
 - 59% collected by September 1st (1% discount date)
 - 94% projected collection by January 6th due date
 - Estimated 98% collection rate for taxes levied in FY 10-11; comparable to past two fiscal years
 - Property tax revenue is under budget estimate by \$1.9 million



FY 10-11 General Fund Overview – As of March 31, 2011 REVENUES

- Sales tax revenue received through March 31 is \$19.3 million, or 50.5% of the \$38.3 million budget
 - Received July-December monthly distributions from the State (payments lag by 3 months after month earned)
 - 2nd quarter revenue included the FY 10-11 sales tax hold harmless payment of \$1.4 million
 - Collections of \$19.3 million thru March '11 were 50.5% of budget compared to \$19.1 million or 48.6% thru March '10; however revenues in second half of year are not expected to meet budget by \$1.0 million - \$1.4 million
 - Growth in sales tax collections for remainder of the year will depend on general economic improvement



FY 10-11 General Fund Overview – As of March 31, 2011 REVENUES

- Utility tax revenues through March are \$9.1 million, or 50.1% of the \$18.2 million budget
 - Received 1st & 2nd quarter revenue distributions from the State (payment lags by 3 months after quarter earned)
 - Collections of \$9.1 million thru March '11 were 50.1% of budget compared to \$9.0 million or 47.8% thru March '10
 - 3rd & 4th quarter payments received June & September '11
 - Utility tax revenues are expected to exceed budget estimates by \$960,000 due to increased electric rates & consumption



FY 10-11 General Fund Overview – As of March 31, 2011 REVENUES

- Beer & Wine tax revenue is budgeted at \$1.1 million
 - The annual payment is distributed May 31, 2011
 - The FY 10-11 State budget restored the 2/3 reduction in the FY 09-10 Beer & Wine tax distribution of \$764,243
 - This tax revenue is expected to meet budget estimate (revenue for the period April 1, 2010 to March 31, 2011)

FY 10-11 General Fund Overview – As of March 31, 2011 REVENUES

- ABC Board Profit Distribution is \$1,337,469, or 50.0% of the \$2.67 million budget
 - 1st & 2nd quarter payments received - 3rd & 4th quarter payments due May & August 2011
 - The ABC Board Profit Distribution has included a \$100,000 per quarter deduction since FY 07-08 to increase working capital and provide for future expansion & capital improvements
 - Projected revenue of \$3.08 million was reduced by \$400,000 for a net tax payment budgeted at \$2.68 million
 - ABC revenue is expected to meet budget estimate

FY 10-11 General Fund Overview – As of March 31, 2011 REVENUES

■ Other Revenue Collections

- Privilege Licenses – Business activity has remained slow and annual revenue is estimated at \$2.99 million or 94.2% of the \$3.18 million budget, primarily due to lower reported gross receipts
- Building Permit Fees – 9 months revenue of \$1.5 million is 81.9% of the \$1.8 million budget with revenues 25.6% higher than the 3rd quarter of FY 10-11; annual revenue is expected to exceed budget
- Waste/Trash Coll. Fees – commercial activity has stabilized and 9 months revenue of \$4.9 million is 76.0% of \$6.4 million budget
- Other Revenue – 9 months revenue of \$17.7 million is 78.8% of the \$22.5 million budget



FY 10-11 General Fund Overview – As of March 31, 2011 EXPENDITURES

FY 10-11 Budget by Cost Category

	(in millions)	% Budget
Salaries	\$107.9	41.9
Benefits	40.7	15.8
Maint. & Op.	80.0	31.0
Transfers Out	28.8	11.2
Capital Outlay	<u>.3</u>	<u>0.1</u>
Total	\$257.7 million (3/31/11)	100%

FY 10-11 General Fund Overview – As of March 31, 2011 EXPENDITURES

- Total salary costs through the 3rd quarter of FY 10-11 are \$81.6 million, only 0.6% higher than FY 09-10 (\$81.1 million)
 - More frequent recruit classes are leading to fewer vacancies in Police and Fire
- Benefits costs of \$32.2 million are 6.0% greater as compared to FY 09-10
 - Retirement contribution expenditures of \$9.6 million are 15.0% greater than last year and include mandated contribution increases to the state retirement system
 - Other benefits cost components include
 - 5.5% increase in contributions to the Health Insurance Fund
 - No increase in contribution to Workers Compensation Fund



FY 10-11 General Fund Overview – As of March 31, 2011 EXPENDITURES

- Maintenance and Operating (M&O) costs are about \$100,000 below the expenditure level for FY 09-10
 - \$52.1 million, or 0.2%, less than FY 09-10
 - Actual M&O costs of \$52.1 million are approximately 65.2% spent for the 3rd quarter of the year compared to 65.9%, or \$52.2 million, for the same period in FY 09-10
 - Accounting for outstanding encumbrances at the end of March, expenditure rates are adjusted to 70.9% in both FY 09-10 and FY 10-11



FY 10-11 General Fund Overview – As of March 31, 2011 EXPENDITURES

■ M&O costs (cont'd)

- Overall fuel costs for both gas and diesel are 19.5% and 17.4% higher, respectively, as compared to FY 09-10
 - City per gallon costs for fuel in March 2011 are about 35% higher than costs in March 2010
 - Total fuel costs through March of \$2.8 million are \$436,250, or 18.5%, greater than the same period last year
 - Year end projections of \$3.9 million will place fuel costs beyond \$3.5 million budget
- Vehicle maintenance items account for approximately 18%, or \$14.3 million, of the \$80 million total M&O budget
 - Actual costs to date are running about \$262,000, or 2.4%, less than last year
 - Budget reductions implemented for FY 10-11 resulted in some rolling stock being taken out of service



FY 10-11 General Fund Overview – As of March 31, 2011 EXPENDITURES

■ M&O costs (cont'd)

- Heating and Electricity Costs through 9 months are \$140,260, or 6.1%, below last year
 - Electrical consumption fell by 2.2% through March as compared to FY 09-10
 - Natural gas consumption increased 9.6%
 - Contracted service costs due to volunteer fire departments is reduced from \$2.4 million in FY 09-10 to \$1.6 million in FY 10-11
 - Contract with county fire district #13 is reduced through absorption of 13 firefighter positions from the district



FY 10-11 General Fund Overview – As of March 31, 2011 EXPENDITURES

■ FY 10-11 Total Expenditures (Estimated)

Salaries	\$108.40 million
Benefits	40.90
M&O	71.12
Transfers to Other Funds	28.77
Capital Outlay	<u>0.30</u>
Total Est. General Fund Expenditures	\$249.49 million

General Fund
Year-to-date Financial Performance
as of March 31

	<i>2010 YTD</i>	<i>2011 YTD</i>		<i>Actual YTD</i>	<i>Amended</i>	<i>Projected</i>	<i>Projected</i>
	<i>(3/31/10)</i>	<i>(3/31/11)</i>	<i>'10-'11%</i>	<i>% of Budget</i>	<i>FY 2010-11</i>	<i>FY 2010-11</i>	<i>%</i>
<i>Revenues</i>	<i>Actual</i>	<i>Actual</i>	<i>Change</i>	<i>Collected</i>	<i>Budget</i>	<i>Actual</i>	<i>Collected</i>
Property Tax	141,204,870	139,744,063	-1.0%	95.5%	146,279,620	144,375,300	98.7%
Sales Tax/Hold Harmless Payments	19,079,951	19,365,829	1.5%	50.5%	38,363,885	36,965,100	96.4%
Utility Taxes	8,974,002	9,168,393	0.0%	50.1%	18,294,345	19,253,685	105.2%
Beer & Wine/ABC System Profit Distrib.	1,368,127	1,337,469	0.0%	34.6%	3,861,500	3,861,500	100.0%
Privilege Licenses	3,055,884	2,909,728	-4.8%	91.4%	3,184,000	2,998,000	94.2%
Building Permit Fees	1,280,186	1,500,962	17.2%	81.9%	1,832,268	1,896,400	103.5%
Waste/Trash Collection	4,940,066	4,929,473	-0.2%	76.0%	6,488,000	6,488,000	100.0%
Other Revenue	16,698,186	17,731,037	6.2%	78.8%	22,502,640	22,952,700	102.0%
Total Revenues	196,601,272	196,686,953	0.0%	81.7%	240,806,258	238,790,685	99.2%
Transfers In from Other Funds	3,354,277	4,663,372	39.0%	49.8%	9,370,639	9,370,639	100.0%
Appropriated Fund Balance	0	0	0.0%	0.0%	7,571,109	0	0.0%
Total Revenue, Transfers and Appropriated Fund Balance	199,955,549	201,350,324	0.7%	78.1%	257,748,006	248,161,324	96.3%
<i>Expenditures</i>				<i>Actual % Spent</i>			<i>% Spent/ Encumbered</i>
Personnel (Salaries & Benefits)	111,480,858	113,768,725	2.1%	76.5%	148,640,980	149,300,000	100.4%
Maint. & Operations	52,227,586	52,131,297	-0.2%	65.1%	80,020,836	71,120,000	88.9%
Capital Outlay	191,834	249,420	30.0%	78.7%	317,076	314,400	99.2%
Total Expenditures	163,900,278	166,149,442	1.4%	72.6%	228,978,892	220,734,400	96.4%
Transfers Out to Other Funds	17,916,012	21,590,468	20.5%	75.0%	28,769,114	28,763,282	100.0%
Total Expenditures and Transfers	181,816,290	187,739,910	3.3%	72.8%	257,748,006	249,497,682	96.8%
Revenues Over Expenditures							Use of Fund Balance
& Net Transfers	18,139,259	13,610,414	-25.0%		0	(1,336,358)	

<u>TOTAL OTHER REVENUE</u>			
<u>Description</u>	<u>YTD Actual Revenue</u>	<u>Amended Budget</u>	<u>Balance</u>
Gross Receipts Tax	139,253	241,900	102,647
State Grants	237,882	306,713	68,831
State Court Fees	94,098	115,000	20,902
State Pymts In Lieu Of Taxes	231,438	308,575	77,137
Local Government Grants (Includes County Library contribution)	2,236,416	2,570,867	334,451
Motor Vehicle Licenses	509,826	715,000	205,174
Cable & Phone Franchise Fees - Long Distance Licensing	730,082	609,742	120,340-
Fines And Forfeitures	1,201,770	1,585,655	383,885
Planning & Community Development	328,021	377,146	49,125
Law Enforcement - Contracted Services	2,193,326	2,585,048	391,722
Fire Protection	155,715	216,835	61,120
P&R Concessions & Admission Fees	2,323,590	3,726,302	1,402,712
Library Fees	15,417	16,580	1,163
Rents - P&R	408,460	627,175	218,715
Rents - Engineering & Inspections	588,453	648,300	59,847
Rents - All Other	190,280	240,685	50,405
Transportation Reimbursements from State	554,036	792,205	238,169
Internal Service Charges - W&S and other funds	1,137,376	1,498,500	361,124
Donations And Private Contributions / Fire & Public Safety	57,492	105,000	47,508
Indirect Cost Revenues - W&S and other funds	2,750,490	3,763,165	1,012,675
Cost Sharing Reimbursements / Internal Charges	758,274	750,224	8,050-
Other Revenue / Miscellaneous Revenue All Depts.	889,343	702,023	187,320-
Total Other Revenue	17,731,037	22,502,640	4,771,603

<u>TRANSFERS IN FROM OTHER FUNDS</u>			
<u>Description</u>	<u>YTD Actual Revenue</u>	<u>Amended Budget</u>	<u>Balance</u>
Transfer From Parking Facility Operating Fund	716,251	955,000	238,749
Transfer From State Highway Allocation Fund	2,222,390	5,746,000	3,523,610
Transfer From Street Improvements Bond Fund	0	370,000	370,000
Transfers From Equipment Services Fund	415,982	554,639	138,657
Transfer From Network Services Fund	1,308,749	1,745,000	436,251
Total Transfers In	4,663,372	9,370,639	4,707,267

<u>TRANSFERS OUT TO OTHER FUNDS</u>			
<u>Description</u>	<u>YTD Actual Expense</u>	<u>Appropriation</u>	<u>Balance</u>
Transfer to Cemetery Fund	224,419	299,224	74,805
Transfer to Housing Partnership	1,360,290	1,813,719	453,429
Transfer to State and Federal Grant	32,772	71,022	38,250
Transfer to Guilford Metro 911	3,188,669	4,251,560	1,062,891
Transfer to Debt Service Fund	12,518,775	16,691,700	4,172,925
Transfer to General Capital Improvement	93,749	125,000	31,251
Transfer to Coliseum Fund	1,190,657	1,587,542	396,885
Transfer to Solid Waste Management	2,827,137	3,769,515	942,378
Transfer to Equipment Services	154,000	154,000	0
Total Transfers Out	21,590,468	28,763,282	7,172,814



FY 10-11 Enterprise Funds – As of March 31, 2011

- Major Enterprise Funds are operating within general revenue and expenditure projections



City Council Work Session

- Questions ??